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TRADE AND DEVELOPMENT BOARD
Eighteenth special session
Geneva, 11 December 1995

DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS EIGHTEENTH SPECIAL SESSION

Rapporteur: Mr. Jan Piotrowski (Poland)

INTRODUCTION - ITEM 2 - ORGANIZATIONAL MATTERS

Speakers: President
Egypt (for African Group)
India (for Asian Group)
Spain (for European Union)
Czech Republic
Russian Federation
Chile (for Latin American and Caribbean Group)
Japan
Norway
China
Canada

Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments - to be submitted in English or French - should be communicated by **Friday, 22 December 1995 at the latest** to:

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INTRODUCTION

1. The eighteenth special session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 11 to 15 December 1995. In the course of the session, the Board held two plenary meetings - the 870th and 871st meetings. All other meetings were held in an informal setting.

2. The agenda for the eighteenth special session is reproduced in annex II below.

Chapter I

REVIEW OF THE FUNCTIONING OF THE INTERGOVERNMENTAL MACHINERY OF UNCTAD IN ACCORDANCE WITH THE CARTAGENA COMMITMENT AND SUBSEQUENT RELEVANT DECISIONS OF THE BOARD

(Agenda item 2)

3. For its consideration of this agenda item, the Board had before it the following document:

> "Review of the functioning of the intergovernmental machinery of UNCTAD" - Paper submitted by the President of the Trade and Development Board (TD/B/(S-XVIII)/CRP.1).

4. Introducing the paper he had submitted on this item (TD/B/(S-XVIII)/CRP.1), the **President** said that section I reflected his own assessment of the main ideas emerging from the four rounds of informal consultations he had conducted in October-November 1995. Stemming from his own perception of the main problems identified in the course of the consultations, he had put forward a number of draft recommendations (section II) which the Board might wish to use as a starting point for its own work.

5. The spokesman for the **African Group** (Egypt) expressed support for a three-tier structure for the intergovernmental machinery, with the Board at the top, a middle tier of Standing Committees with broad policy mandates, and a third level of expert groups on technical issues. The African Group attached great importance to the consideration by UNCTAD of poverty alleviation, ECDC, commodities and the following-up to certain United Nations conferences, in particular the Social Summit. Such issues should not be sacrificed or dealt with in fragmentation in the new intergovernmental structure. In this connection, he did not feel there was a need to reduce the number of Standing Committees or to abolish any of them.

6. Regarding the functioning of the Board, his Group felt that to convene only one regular session per year might compromise the performance of the Board and its consideration of issues of special interest to Africa. He therefore believed that two sessions per year were necessary, although each session could be shortened to five working days. His Group also supported the idea of having the Board convene in executive session as often as necessary, although it had difficulty with the proposal that some of the tasks within the terms of reference of the Board should be assigned to the Bureau. In general, the Board should play

a global coordinating role in the machinery. There was a need also to ensure adequate follow-up.

7. Finally, the African Group attached great importance to the financing of the participation of experts from developing countries in UNCTAD's activities and he hoped that the Board would make a strong recommendation on this at its current session.

8. The spokeswoman for the **Asian Group** (India) agreed that the machinery should have a three-tier structure. The Board should hold one regular session every year in Autumn, at which it would discuss global economic issues on the basis of the TDR. It might also identify one or two major policy issues for concentrated attention by the secretariat. In addition, the Board could meet in executive session whenever necessary to deal with current matters. However, the Asian Group was concerned at the proposal to enhance the role of the Bureau of the Board. It would be necessary to clarify the extent of this role and its legal implications. In principle, the Board could use the Bureau to organize its work more efficiently, but this must not impair the role and authority of the Board itself.

9. The Asian Group agreed that there should be a smaller number of subsidiary bodies at the second tier, with broad and coherent mandates. These subsidiary bodies could be called Committees or Commissions. The proposal to provide greater power of decision to these bodies required some clarification. Obviously, procedural and routine issues might not require further consideration by the Board, but matters with policy and programme implications would need to be approved by the Board. Delegation of greater authority to the Standing Committees/Commissions must conform to legal requirements. The subsidiary bodies should establish expert groups as and when needed, in order to provide expert and technical inputs and recommendations for policy decisions on issues assigned to them. The groups should be relatively small in size - ideally not more than 30 members - and the life of the groups as well as the length of the meetings should be related to the fulfilment of their mandate. The travel and accommodation expenses of experts from the developing countries should be paid from the regular budget of UNCTAD to ensure that finance was not a constraint on their participation. The option of holding expert groups outside Geneva should also be kept open.

10. The representative of **Spain**, speaking on behalf of the **European Union**, expressed the view hat the Board might hold a single regular session once a year, with additional executive sessions as needed. At its regular session, the Board should examine, from a development angle, general trends in the world economy

and international trade, set guidelines for UNCTAD's work, and review and endorse the work of the subsidiary bodies, in order to draw general conclusions as to the prospects for development and to agree on operational conclusions. The Board should also be empowered to approve the setting up of new subsidiary bodies or the abolition of existing ones - a possibility which should not be confined exclusively to the mid-term review. In executive session, the Board should be given the authority and competence for the practical management of all UNCTAD's activities as well as for procedural matters. If necessary, the executive session could also deal with single urgent substantial issues.

11. In the view of the European Union, there must be a simpler structure and fewer subsidiary bodies, with less and shorter meetings. Far from diminishing the value of the work, such changes should improve its quality and usefulness. UNCTAD's member States and the secretariat both encountered difficulties - sometimes insurmountable difficulties - in preparing, following and analysing the work carried out at meetings, which nowadays followed one another almost without interruption. The establishment of bodies and the holding of meetings must cease to be matters of routine; they must respond to real and acknowledged needs. Accordingly, distinctions must be made between topics in which there was an on-going interest which might necessitate regular meetings, and specific topics which might be addressed at a single session. On topics of the latter type, meetings should be held only at the request of a sufficient number of member States, with the assurance that their national experts would attend. UNCTAD should also have more recourse to non-governmental experts' meetings.

12. In general, the European Union considered that meetings of subsidiary bodies should normally not last for more than three days. Their objectives should be set out clearly in terms of the anticipated results, the intended beneficiaries of those results, and the use to which they were to be put. In addition, the final dates of the meetings should not be fixed before the documentation is available in all official languages. Furthermore, the number of publications should be reviewed in order to concentrate the resources on the most important areas and to ensure a better publicity for the outcome of UNCTAD's work. The work in UNCTAD should, to a greater extent, be directed towards exchange of experiences between member States.

13. Regarding the implementation of the results of UNCTAD's work, the Board and the subsidiary bodies must ensure that meetings were effectively followed up. The Chairmen of these bodies could play an essential role in the follow-up work, in particular by forming the interface between the secretariat and the member States during the periods between meetings. Thus it would seem desirable

to involve them more in this exercise, by appointing them sufficiently far in advance of meetings.

14. The representative of the **Czech Republic** stated that the Czech Republic intended to declare at UNCTAD IX that, with respect to the final documents and the objectives of technical assistance, it did not consider itself to be a country in transition.

15. The representative of the **Russian Federation** said that, in the new socio-economic situation that had arisen in the wake of the Uruguay Round, it was important to focus UNCTAD's work on the development aspects and to streamline the organizational structure so as to avoid duplication with WTO. He welcomed the attempts being made to ensure complementarity between the two organizations.

16. His delegation would like to see decisions taken to enhance the policy coordinating role of the Board and to reduce the number of Standing Committees and working groups, giving them broader mandates on policy matters. UNCTAD must maintain its dual approach to development - i.e. the global analysis of interdependence and the consideration of specific practical problems. He hoped that the TDR would continue to serve as a basis for the global analysis.

17. Regarding the Standing Committees, he felt that there should be no hasty decision to dissolve any of the existing Committees, although one could envisage changing the frequency with which they met. Services should remain a basic area of work, but the priorities within this area could be redistributed. Concerning investment, it might be appropriate to concentrate in one body FDI and its effect on trade and transfer of technology, and investment policy in developing countries and countries in transition. It was becoming more and more important to promote international competition and he supported the proposed new intergovernmental group of experts on competition policy. Regarding trade policy in general, it was important to ensure the implementation of the Uruguay Round agreements and to examine in UNCTAD the new and emerging trade opportunities. Regional economic groupings had a significant effect on the trade of developing countries, especially those countries that remained outside such groupings. UNCTAD should continue its work on South-South cooperation and ECDC, but he felt that this work would benefit from a cross-sectoral approach. Finally, his delegation favoured continued work in UNCTAD on structural adjustment for disarmament, which was an issue of particular interest to the countries in transition.

18. Following UNCTAD IX, he hoped to see UNCTAD focusing still more on the exchange of national experiences, with full participation of members of the civil

society. Moreover, the follow-up mechanisms should be reinforced to ensure the practical application of the outcomes of meetings.

19. The spokesman for the **Latin American and Caribbean Group** (Chile) also expressed support for the three-tiered structure of the intergovernmental machinery. Regarding the periodicity of the Board, his Group considered that there should be one single regular session per year, held in Autumn, for a maximum of ten days. In addition to the interdependence item, the Board could examine one or two other substantive items which called for a general policy debate. However, the regular session should include a two-day high-level segment on a carefully chosen substantive theme that would attract national authorities. His Group had a positive attitude to the proposal to extend the powers of the Bureau of the Board, although these powers would need to be defined and restricted to administrative/institutional matters such as the convening of executive sessions, the review of the calendar of meetings and documentation matters. As for the executive sessions, he felt that they should concentrate on the so-called "house-keeping" matters.

20. With regard to the technical expert meetings, his Group considered that such groups should be of short duration - no more than three days at most - depending on the substance of the matter addressed. It was important to set clear and more sharply focused priorities and to concentrate on them, with a view to achieving real benefits for the developing countries. However, if the technical level of the meetings was to be raised, it would be essential to resolve the problem of financing the participation of experts from developing countries. Part of the resources needed to finance their participation might be obtained from the savings that would result from the reduction in the number of meetings and from the restructuring of the institution.

21. The representative of **Japan** said that his delegation believed that the major issues that UNCTAD should cover after UNCTAD IX could be grouped into three categories: trade issues, enterprise-related issues including investment, and macro-economic issues related to development. On the basis of this perspective, his delegation wished to propose the following structure for UNCTAD's intergovernmental machinery:

(a) The Conference would discuss future direction and those issues requiring a political decision at the highest level.

(b) The Board should deal with:

(i) General directions and guidelines for UNCTAD's work;

(ii) Relevant issues not covered by the Standing Committees, including macro-economic issues as related to development;

(iii) Abolition or creation of standing committees;

(iv) Approval of the abolition or creation of working and expert groups;

(v) Procedural matters.

(c) Two standing committees should be created for trade issues and for enterprise-related issues including investment. These committees would discuss any important issues within their mandate and conduct policy dialogue on the findings of working and expert groups. They could decide on the abolition and creation of working and expert groups.

(d) A working group should be created only when a policy issue had wide-ranging implications, required concentrated work and could not be effectively dealt with in the standing committees concerned. An expert group should be created only on those issues requiring specific expert advice. In order to avoid duplication of work, these groups should be created under strict criteria. They should not aim to produce agreed conclusions nor recommendations but should attempt to clarify issues, identify policy options and report them to the standing committees where recommendations or conclusions were discussed and, if possible, agreed. Possible issues which might warrant the establishment of such groups would include commodities, GSP, trade and environment and the role of enterprises.

(e) The Working Party on the Medium-term Plan and the Programme Budget should be strengthened so that it could make assessments and recommendations to the Board as to the achievements and effectiveness of the intergovernmental machinery and work programmes, the programme budget and technical cooperation. It was necessary to find practical ways to secure that findings and conclusions of the Working Party approved by the Board would be fully reflected in the relevant meetings in New York.

22. The gist of the Japanese proposal was that UNCTAD needed to focus its work on trade and enterprise-related issues, including investment. The two standing committees would be the central instrument in UNCTAD activities, supported by working and expert groups on very specific issues. The Board would be charged with general direction and organizational matters as well as other relevant

issues not covered by the standing committees, including macro-economic issues as related to development. Those issues would be appropriate topics for discussions by high-ranking officials attending the Board once a year. He believed that Japan's proposals would make the intergovernmental structure of UNCTAD considerably simpler without making its work scope too narrow.

23. The representative of **Norway** said that mechanisms should be developed which would strengthen the Board's policy functions. Norway was flexible regarding which concrete mechanisms should be developed, but it would be ready to support a model where the Board in regular session could be transformed into *the* annual meeting of UNCTAD. A well focused, relatively short - maximum five days - Board session would attract far more interest than such sessions had done in the recent past. It would probably also strengthen the level of participation from capitals. An executive Board, with limited representation based on equitable geographic distribution, could be established. The executive Board could meet fairly frequently, and carry out the responsibilities given to it at the annual regular session. Such a model would bring UNCTAD in line with the reformed United Nations funds and programmes, and provide an organization which was better able to respond to demands in a rapidly changing context. Giving the Bureau certain responsibilities, as referred to in the President's paper, would constitute an improvement, but he was not yet convinced that it would suffice.

24. Norway saw an urgent need to sort out the jungle of committees, ad hoc working groups, expert working groups and commissions which now constituted the intergovernmental machinery of UNCTAD. Increased coherence and simplicity were required, and clear lines had to be drawn between expert/technical bodies on the one hand and policy or decision-making bodies on the other. The system in which all bodies up to now had had equal status, and all had reported directly to the Board, was most inefficient and time-consuming and should be altered. In order to simplify and make the structure more coherent and efficient, Norway supported the idea of regrouping UNCTAD into a limited number of standing commissions. The commissions would have to be given fairly broad mandates *within* the clearly and narrowly defined role of UNCTAD as a whole. Only the standing commissions should report to the Board. The standing commissions should have the mandate to establish expert groups. These expert groups, which must have a clearly defined periodic mandate, would report only to the standing commissions. In general, every effort must be made to achieve more efficient use of meetings and documentation resources.

25. Finally, taking into account the major dynamic role played by the private sector in the global economy, Norway considered private-sector cooperation to be imperative to the future of UNCTAD. Strategies must therefore be worked out

to facilitate private-sector cooperation in order to adjust UNCTAD to the increasingly market-oriented global economy.

26. The representative of **China** shared the view that UNCTAD should establish a three-tier working structure. In order to fulfil its mandates effectively, the Board should hold two regular sessions in Spring and Autumn each year to deal with its different agenda items. Its executive sessions could meet when necessary between the two regular sessions. China could go along with the proposal to strengthen the function of the Bureau of the Board, but the terms of reference of the Bureau should be clarified and it should focus mainly on the procedural matters and issues entrusted to it by the Board.

27. On the standing committees, China held that they could operate as the subsidiary bodies of the Board, concentrating on concrete policy review and formulation in specific areas of trade and development. The terms of reference of the standing committees should be based on the three substantive items of UNCTAD IX. The standing committees could deal with international trade and preferences, trade in services, international investment and transnational corporations, and developing the market economy.

28. On the intergovernmental groups of experts, China was of the view that such groups could be set up by the standing committees when they were deemed necessary. The major function of such groups was to provide the standing committees with technical support and expert consultation. They should not be too large in size and the term of their work and frequency of meeting could be determined by the completion of their tasks. At the same time, it was hoped that positive consideration would be given to the financing of experts from developing countries with a view to assisting them to participate in the relevant meetings. The appropriate participation of NGOs, academia and the private sector could bring about new ideas to help revitalize the work of UNCTAD. However, the foremost factors for the success of UNCTAD were the policy measures based on the will of governments. Therefore, the intergovernmental nature of UNCTAD should not be diluted.

29. The representative of **Canada** expressed the view that, as a governing body, the Board had been ineffective for a number of reasons. It was too large in relation to its current mandate. It had little influence and no control over UNCTAD's budgetary priorities. The accountability of the secretariat to the Board was not well defined. The Board had no practical oversight over technical cooperation activities. It met too frequently and had tried to focus on a broad range of policy-making largely in the absence of policy experts.

30. Regarding the Working Party on the Medium-term Plan and the Programme Budget, she felt that, owing to its restricted mandate, this body had not made a sufficient contribution to the organization. Canada believed there was a need for strengthened intergovernmental direction and oversight of the budget and programme of work.

31. Success in the past should not in itself be the sole basis on which decisions were taken for future structures. The current need for a policy dialogue in any one area was the most important indicator. In Canada's view, UNCTAD should focus on its analytical capacity-building and consensus-building mission. For this, a revised intergovernmental framework was necessary. In this connection, she shared the view that the abolition of a given intergovernmental body did not automatically mean the suppression of all work in the corresponding area.

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

1. The eighteenth special session of the Trade and Development Board w opened on 11 December 1995 by Mr. William Rossier (Switzerland), the curre President of the Board.

B. Bureau of the eighteenth special session

2. There being no change in the officers elected at the first part of t forty-second session of the Board, the Bureau for the eighteenth special sessi was as follows:

President:	Mr. William Rossier	(Switzerland)
Vice-Presidents:	Mr. Youri Afanassiev	(Russian Federatio
	Mr. Munir Akram	(Pakistan)
	Ms. Kristie Kenney	(United States o America)
	Mr. Antonio E. Marziota Delgado	(Cuba)
	Mr. Shohei Naito	(Japan)
	Mr. Sirous Nasseri	(Islamic Republi of Iran)
	Mr. Javier Paulinich	(Peru)
	Mr. Henri Reynaud	(France)
	Mr. Jacob S. Selebi	(South Africa)
	Mrs. Appolonie Simbizi	(Burundi)
Rapporteur:	Mr. Jan Piotrowski	(Poland)

C. Procedural matters

(Agenda item 1)

Item 1 (a): Adoption of the agenda and organization of work of the session

3. At its 870th (opening) meeting, on 11 December 1995, the Board adopted t provisional agenda for its eighteenth special session, as contained in section of TD/B(S-XVIII)/1. (For the agenda, see annex II below).

Item 1 (b): Adoption of the report on credentials

[To be completed]

D. Preparations for the review by the Conference of the lists of States annexed to General Assembly resolution 1995 (XIX)

(Agenda item 3)

[To be completed]

E. Adoption of the report of the Board

(Agenda item 5)

[To be completed]

ANNEXES

Annex I

ACTION BY THE BOARD

[To be completed]

Annex II

AGENDA FOR THE EIGHTEENTH SPECIAL SESSION */

1. Procedural matters:

   (a) Adoption of the agenda and organization of work of the session;

   (b) Adoption of the report on credentials

2. Review of the functioning of the intergovernmental machinery of UNCTAD in accordance with the Cartagena Commitment and subsequent relevant decisions of the Board

3. Preparations for the review by the Conference of the lists of States annexed to General Assembly resolution 1995 (XIX)

4. Other business

5. Adoption of the report of the Board.

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*/ As adopted by the Board at its 870th (opening) meeting, on 11 December 1995.